

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED MARCH 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/18/07

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

We have audited the accompanying statements of net assets - enterprise fund and the related statements of revenues, expenses and changes in fund net assets and cash flows - enterprise fund of the **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 2005. These financial statements are the responsibility of the **Authority's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the **Authority's** internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to examine evidence in support of the **Authority's** cash balance of \$773,763; the composition and validity of its amounts receivable of \$210,180; amounts and other payables of \$97,517 at March 31, 2005; invoices and cancelled checks to support various expenses incurred; and the validity of other revenues and certain expenses for the year ended March 31, 2005, as those records were substantially destroyed by hurricane Katrina on August 29, 2005.

Also, see NOTE 16 and findings 2005-01 and 2005-02 for additional discussion.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana
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In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the completeness in cash, amounts receivable, amounts and other payables, and certain revenues and expenses, the financial statements previously referred to present fairly, in all material respects, the financial position of **the Authority**, as of March 31, 2005, and the respective changes in net assets and cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2006, on our consideration of **the Authority's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, that report contained instances of noncompliance, reportable conditions and material weaknesses.

The management's discussion and analysis on pages 3 through 10 is not a required part of the accompanying financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 22, 2006



HOUSING AUTHORITY OF THE CITY OF SLIDELL MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of **Housing Authority of the City of Slidell (the Authority)**, we offer readers of the **Authority's** financial statements this narrative overview and analysis of the financial activities of the **Authority** for the fiscal year ended March 31, 2005. We encourage readers to consider the information presented here in conjunction with the **Authority's** audited financial statements.

The Management's Discussion and Analysis (MD&A) is an element (capital operating) of the new reporting model adopted by the *Governmental Accounting Standards Board (GASB)* in their Statement No. 34 Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current and prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the **Authority** has elected to exclude the information in this report. Subsequent reports will include the comparative information.

FINANCIAL HIGHLIGHTS

The assets of the **Authority** exceeded its liabilities at the close of 2005 by \$4,661,684 (*net assets*). Of this amount, \$908,078 (*unrestricted net assets*) may be used to meet the **Authority's** ongoing obligations to citizens and creditors.

The **Authority's** enterprise fund reported net assets of \$4,661,684, a net increase of \$309 in comparison to the prior year. This increase is primarily attributable to the conversion to GASB 34 for the year ended March 31, 2005 and the impact of HUD contributed capital.

The **Authority** had total operating revenues of \$269,559, subsidies and capital grant revenues of \$2,070,622 and other non-operating revenues of \$17,799. Total operating expenses for the year ended March 31, 2005 was \$2,357,671.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL HIGHLIGHTS, CONTINUED

At March 31, 2005, unrestricted net assets for the Authority was \$908,078, or thirty-nine (39) percent of its total operating expenses for the year ended March 31, 2005.

The Authority continues to operate without the need for debt borrowings during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Authority is a special-purpose entity engaged in one business-type activity. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, April 1, 2004, the Authority adopted *Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has three federally funded programs that are consolidated into a single enterprise fund.

Low Rent Public Housing Program - The Authority's Low Rent Public Housing Program rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with HUD. HUD provides an operating subsidy to enable the Authority to provide housing at a rent that is based upon 30% of adjusted gross household income.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FUND FINANCIAL STATEMENTS, CONTINUED

Section 8 Housing Assistance - Housing Choice Voucher Program - The Housing Choice Voucher Program assist low income families with their rental payments in the private market. A housing assistance payment is paid directly to landlords on behalf of the families in the program. The families pay the difference between the rent charged by the landlord and the housing assistance payment provided by the program. the Authority is paid by HUD to administer the program.

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP as the primary funding source for the Authority's physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of the Authority's units.

USING THIS ANNUAL REPORT

The Authority's annual report consists of financial statements that show information about the Authority's enterprise fund.

Our auditor has provided assurance in his independent auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is qualified with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING ON THE AUTHORITY'S MOST SIGNIFICANT FUND

The Authority's financial statements provide detailed information about its most significant fund. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Authority may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

**REPORTING ON THE AUTHORITY'S MOST SIGNIFICANT FUND,
CONTINUED**

The Authority's enterprise fund used the following accounting approach:

Proprietary Funds - All of The Authority's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of proprietary funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

FINANCIAL ANALYSIS

The Authority's net assets was \$4,661,684 at March 31, 2005. Of this amount, \$908,078 was unrestricted. The unrestricted net assets of the Authority are available for future use to provide program services.

**Table 1
Statement of Net Assets**

The following table represents a condensed Statement of Net Assets as of March 31, 2005:

	<u>Assets</u>	
Current assets		\$ 1,005,595
Capital assets, net		<u>3,753,606</u>
Total assets		<u>4,759,201</u>
	<u>Liabilities</u>	
Current liabilities		<u>97,517</u>
Total liabilities		<u>97,517</u>
	<u>Net Assets</u>	
Net assets:		
Invested in capital assets, net		3,753,606
Unrestricted		<u>908,078</u>
Total net assets		<u>\$4,661,684</u>

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL ANALYSIS, CONTINUED

Table 2
Changes in Net Assets

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Net Fund Assets for the year ended March 31, 2005:

Revenues:	
Operating revenues	\$ <u>269,559</u>
Total operating revenues	<u>269,559</u>
Expenses:	
Operating expenses	<u>2,357,671</u>
Total operating expenses	<u>2,357,671</u>
Operating loss	<u>(2,088,112)</u>
Non-operating revenues:	
Non-operating revenues	<u>2,088,421</u>
Total non-operating revenues	<u>2,088,421</u>
Change in net assets	309
Beginning net assets, as restated	<u>4,661,375</u>
Ending net assets	<u>\$4,661,684</u>

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with prior fiscal year, total operating and non-operating revenues decreased by \$12,918 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from \$215,800 for 2004 to \$269,559 for 2005 primarily because of changes in tenant's personal income levels which serves as a basis for tenant rent level calculation payments.
- Subsidies from HUD for the Low Rent and Housing Choice Voucher Programs increased from \$1,806,017 for 2004 to \$1,964,622 for 2005 due to the level of leased up units.
- Capital funds for modernization of projects decreased from \$317,757 in 2004 to \$106,000 in 2005 as a result of funding availability from HUD.
- Non-operating revenues other than subsidies and grants decreased from \$31,324 in 2004 to \$17,799 in 2005.

Compared to the prior fiscal year, total operating expenses increased from \$2,328,001 in 2004 to 2,357,671 for the year ended March 31, 2005.

Reasons for most of these changes are listed below:

- Operating expenses (specifically employee benefits and materials) during the year ended March 31, 2005, were impacted by inflammatory pressures.
- In addition, other costs such as compensation, utilities, contractual services and insurance costs showed decreases.

Some of the reasons for that change were:

- Fewer employees for the year ended March 31, 2005;
- Utilities billing changes by the City of Slidell; and
- Cost containment efforts in the other categories of costs.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2005, the Authority had \$3,753,606 invested in a broad range of capital assets, including land, buildings and building improvements, and furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$28,367.

Capital Assets at Year-end

Land and land improvements	\$ 779,855
Buildings and buildings improvements	4,923,338
Furniture and equipment	120,886
Construction-in-progress	<u>379,671</u>
	6,203,750
Less accumulated depreciation expense	<u>(2,450,144)</u>
Total	<u>\$ 3,753,606</u>

See Note 4 for additional information.

No debt was issued for these additions.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

CAPITAL ASSET AND DEBT ADMINISTRATION, CONTINUED

Capital Assets, Continued

This year's additions of \$98,162 are mainly dwelling improvements and equipment purchases. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

The Authority has no long-term debt at March 31, 2005.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority is primarily dependent upon HUD for the funding of its operations; therefore the Authority is affected more by the Federal budget than by local economic conditions. The operating subsidy for the fiscal year March 31, 2006 has been approval by HUD.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Marvin V. Butler, Executive Director, at the Housing Authority of the City of Slidell, P.O. Box 1392 Slidell, LA 70459-1392 telephone number (985) 726-9000.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF NET ASSETS- ENTERPRISE FUND
MARCH 31, 2005

	<u>ASSETS</u>	<u>PRIMARY UNIT</u>	<u>COMPONENT UNIT</u>
Current Assets:			
Cash and temporary cash investments (NOTE 5)		\$ 761,316	\$ -0-
Restricted cash (NOTE 6)		12,447	-0-
Amounts receivable, net (NOTE 2)		210,180	-0-
Prepaid items (NOTE 3)		21,652	-0-
Due from other funds, net		<u>-0-</u>	<u>88,603</u>
Total current assets		<u>1,005,595</u>	<u>88,603</u>
Non-current assets:			
Capital assets, net (NOTES 4 and 12)		<u>3,753,606</u>	<u>-0-</u>
Total non-current assets		<u>3,753,606</u>	<u>-0-</u>
Total assets		<u>4,759,201</u>	<u>88,603</u>
	<u>LIABILITIES</u>		
Current Liabilities:			
Amounts and other payables (NOTE 7)		51,208	37,836
Compensated absences payable (NOTE 13)		4,266	1,513
Security deposits held for tenants (NOTE 6)		12,447	-0-
Payroll taxes payable		<u>29,596</u>	<u>-0-</u>
Total current liabilities		<u>97,517</u>	<u>39,349</u>
Non-current liabilities:			
Total non-current liabilities		<u>-0-</u>	<u>-0-</u>
Total liabilities		<u>97,517</u>	<u>39,349</u>
	<u>NET ASSETS</u>		
Net Assets:			
Invested in capital assets, net of related debt		3,753,606	-0-
Unrestricted		<u>908,078</u>	<u>49,254</u>
Total net assets		<u>\$ 4,661,684</u>	<u>\$ 49,254</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2005

	<u>PRIMARY UNIT</u>	<u>COMPONENT UNIT</u>
Operating Revenues:		
Dwelling rental	\$ 237,352	\$ -0-
Fees and charges	<u>32,207</u>	<u>-0-</u>
Total operating revenues	<u>269,559</u>	<u>-0-</u>
Operating Expenses:		
Salaries and employee benefits	263,193	24,139
Materials	41,528	-0-
Contractual services	84,688	14,888
Utilities	67,421	-0-
Training	17,294	-0-
Depreciation	190,000	-0-
Insurance	62,047	-0-
Housing assistance payments	1,493,039	273,194
Convention and travel	36,145	2,990
Telephone	11,988	1,643
Supplies	39,997	1,025
Tenant services	1,319	-0-
Postage printing and advertising	6,871	826
Security	4,854	-0-
Membership and dues	3,781	508
Court fees	2,431	-0-
Bank service fees	1,949	-0-
Other	<u>29,126</u>	<u>792</u>
Total operating expenses	<u>2,357,671</u>	<u>320,005</u>
Operating loss	(2,088,112)	(320,005)
Non-operating Revenues:		
Grants and subsidies	2,070,622	305,355
Interest income	3,774	-0-
Other	<u>14,025</u>	<u>-0-</u>
Total non-operating revenues	<u>2,088,421</u>	<u>305,355</u>
Change in net assets	309	(14,650)
Net assets, beginning of year, as restated	<u>4,661,375</u>	<u>63,904</u>
Net assets, end of year	<u>\$ 4,661,684</u>	<u>\$ 49,254</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2005

	<u>PRIMARY UNIT</u>	<u>COMPONENT UNIT</u>
Cash flows from Operating Activities		
Receipt from tenants	\$271,191	\$ -0-
Interest received	3,774	-0-
Payments to suppliers for goods and services	(501,116)	(29,037)
Payments to employees	(242,752)	(15,600)
Payments to landlords	(1,493,039)	(273,194)
Advances to others	<u>-0-</u>	<u>(51,428)</u>
Net cash used by operating activities	<u>(1,961,942)</u>	<u>(369,259)</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	<u>(98,162)</u>	<u>-0-</u>
Cash used by capital and related financing activities	<u>(98,162)</u>	<u>-0-</u>
Cash Flows from Noncapital Financing Activities:		
Subsidy from federal government	<u>2,224,161</u>	<u>305,355</u>
Cash provided by noncapital financing activities	<u>2,224,161</u>	<u>305,355</u>
Net increase (decrease) in cash and temporary cash investments	164,057	(63,904)
Cash, and temporary cash investments, beginning of year	\$ <u>609,706</u>	<u>63,904</u>
Cash and temporary cash investments, end of year	\$ <u>773,763</u>	\$ <u>-0-</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2005

	<u>PRIMARY UNIT</u>	<u>COMPONENT UNIT</u>
Reconciliation of Operating Loss to Net Cash used by Operating activities:		
Operating loss	\$(2,088,112)	\$ (320,005)
Adjustments to reconcile operating loss to cash used by Operating activities:		
Depreciation	190,000	-0-
Changes in net assets and liabilities:		
Decrease in prepaid items	32,453	-0-
Decrease in security deposits held for tenants	(190)	-0-
Increase (decrease) in amounts and other payables	(57,614)	37,836
Increase in payroll taxes payables	29,596	-0-
Increase (decrease) in compensated absences payable	(1,513)	1,513
Increase in amounts receivable, net	<u>(66,562)</u>	<u>(88,603)</u>
Net cash used by operating activities	\$(<u>1,961,942</u>)	\$(<u>369,259</u>)

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organization and Summary of Significant Accounting Policies:

General

The Housing Authority of the City of Slidell (the Authority) was created on March 11, 1967, and is governed by a five (5) member Board of Commissioners, all appointed by the Mayor of the City of Slidell, and headed by an Executive Director. The Board and Executive Director are responsible for all activities of **the Authority**. **The Authority** has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and City of Slidell.

As of March 31, 2005, **the Authority** was primarily engaged in the administration of Low-Income and Housing Choice Voucher Programs to low-income residents in the City of Slidell and the Town of Pearl River, Louisiana.

Under the Low Rent Public Housing Program, **the Authority** provides housing to eligible families under leasing arrangements. For the "Housing Choice Voucher" Program, (previously titled the Section 8 and Voucher programs) **the Authority** provides funds in the form of rental subsidies to owners on behalf of tenants. Also, see NOTE 11.

Financial Reporting Entity

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity", established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Financial Reporting Entity, Continued

The Authority was established as a separate legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that the Authority is a financial reporting entity within the meaning of the provisions of GASB 14. Accordingly, the Authority is not a component unit of the City of Slidell's financial reporting entity. Also, as further described in Note 11 to the financial statements, the Housing Authority of the Town of Pearl River has been reported in the financial statements of the Authority as a discrete component unit.

Basis of Presentation

As required by Louisiana State Reporting Law (R.S. 24:514) and HUD regulations, the Authority's financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

Specifically, the accounts of the Authority are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and applied to governmental units.

Proprietary Fund Type - A proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Authority applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. The Authority's fund include the following type:

Enterprise Fund - An enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

Measurement Focus and Basis of Accounting and Financial
Statement of Presentation

The Authority has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*" Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components-invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net of related debt* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- *Restricted* - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

Measurement Focus and Basis of Accounting and Financial Statement of Presentation, Continued

- *Unrestricted net assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The term measurement focus is used to denote what is being measured and reported in **The Authority's** operating statement. **The Authority's** financial statements are reported on using the flow of economic resources measurement focus and accrual basis of accounting. The fundamental objective of this focus is to measure whether **The Authority** is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on **The Authority's** operating statement. **The Authority** used the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Pursuant to GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions), **the Authority** recognizes assets, liabilities, revenues and expenditures under its government-mandated and voluntary non-exchange transactions as follows:

- **The Authority** recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met; and
- Transactions with time requirements received prior to the satisfaction of the time requirement(s) are recorded by **the Authority** as deferred revenue upon award.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Amounts Receivable

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America. It is the practice of the Authority to expense uncollectible receivables upon determination of uncollectibility using the allowance method.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram due from and to are netted at the combined financial statement level.

Capital Assets

Capital assets are recorded at cost or estimated costs. Donated assets are valued at estimated fair value at time of receipt. When no historical records are available, capital assets are valued at estimated historical costs. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

The Authority follows the practice of capitalizing all capital assets and asset acquisitions over \$500.

Capital assets are depreciated in the enterprise fund of the Authority using the following estimated useful lives.

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	40
Building improvements	20
Equipment	3-7

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Capital Assets, Continued

Depreciation is computed using the straight-line method.

Under accounting principles generally accepted in the United States of America, long-lived assets are to be reviewed for impairment. If the sum of the expected future cash flows is less than the carrying value amount of the asset, an impairment loss should be recognized. At March 31, 2005, management has not estimated the effect of adoption of Statement of Financial Accounting Standard No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

Compensated Absences

The Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon separation or retirement. Sick leave hours accumulate, but the employee is not paid for accumulated sick leave hours if not used by his/her retirement or separation date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current year expense in the enterprise fund when leave is earned.

Total Memorandum Only

The total column on the accompanying combining financial statements (supplementary information) are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Budgets

The Authority prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Budgets, Continued

The Authority does not present its budget to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by the Authority's Board of Commissioners.

Statement of Cash Flows

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram activities have been eliminated in the accompanying enterprise fund financial statements level.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Amounts Receivable, net:

Amounts receivable as of March 31, 2005, consisted of the following:

	<u>Annual Contribution Contracts</u>			
	<u>Low Rent Housing Program</u>	<u>Housing Choice Voucher Program</u>	<u>Public Housing Drug Elimination Program</u>	<u>Total</u>
HUD	\$ -0-	\$ 80,360	\$ 4,854	\$ 85,214
Tenant accounts receivable	150	-0-	-0-	150
Other	<u>117,069</u>	<u>15,547</u>	<u>-0-</u>	<u>132,616</u>
	117,219	95,907	4,854	217,980
Less allowance for doubtful accounts	<u>(-0-)</u>	<u>(7,800)</u>	<u>(-0-)</u>	<u>(7,800)</u>
Total	<u>\$ 117,219</u>	<u>\$ 88,107</u>	<u>\$ 4,854</u>	<u>\$ 210,180</u>

NOTE 3 - Prepaid Items:

Prepaid items at March 31, 2005, consisted of prepaid insurance of \$21,652.

NOTE 4 - Capital Assets, net

At March 31, 2005, capital assets, net consisted of the following:

<u>Description</u>	<u>Balance April 1, 2004</u>	<u>Addition</u>	<u>Other</u>	<u>Balance March 31, 2005</u>
Land and land improvements	\$ 779,855	-0-	-0-	\$ 779,855
Building and building improvements	4,923,338	-0-	-0-	4,923,338
Equipment	118,724	2,162	-0-	120,886
Construction in progress	<u>283,671</u>	<u>96,000</u>	<u>-0-</u>	<u>379,671</u>
Subtotal	6,105,588	98,162	-0-	6,203,750
Less accumulated depreciation	<u>(2,259,610)</u>	<u>(190,000)</u>	<u>(534)</u>	<u>(2,450,144)</u>
Total	<u>\$ 3,845,978</u>	<u>\$ (91,838)</u>	<u>\$ (534)</u>	<u>\$ 3,753,606</u>

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Cash and Temporary Cash Investment:

At March 31, 2005, the carrying amount of the Authority's deposits was \$761,316 and the bank balance was \$711,970. Of this amount \$100,000 was covered by federal depository insurance and the remainder collateralized by a pledge of securities in the joint name of the Authority at 102% of the market value of the securities provided as collateral.

Custodial credit risk is the risk that, in the event of a failure by the financial institution the Authority's deposits may not be returned to it. The Authority has no deposit policy for custodial credit risk; however, none of the Authority's bank balances were exposed to custodial credit risk, since the pledged securities were in the joint name of the Authority and the financial institution.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal offices in Louisiana or any other federally insured investment.

State law also requires that deposits in banks of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

On and at various times during the year ended March 31, 2005, deposits in excess of FDIC insurance coverage were collateralized by the securities previously described.

At March 31, 2005, cash and temporary cash investment consisted of the following:

	Low Rent Public Housing Program	Interest Rate at Maturity	Maturity
Demand deposits	\$117,316	N/A	N/A
Sweep account	<u>644,000</u>	5.65%	Daily
Total	<u>\$761,316</u>		

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Restricted Cash

At March 31, 2005, restricted cash consisted of \$12,447 in security deposits received and held on behalf of tenants. These deposits are stated at costs which approximates market.

NOTE 7 - Amounts and Other Payables:

Amounts and other payables at March 31, 2005, consisted of the following:

ANNUAL CONTRIBUTION CONTRACTS

	<u>Low Rent Public Housing Program</u>	<u>Housing Choice Voucher Program</u>	<u>Total</u>
Vendors	\$ 43,593	\$ 5,047	\$ 48,640
Other	<u>2,568</u>	<u>-0-</u>	<u>2,568</u>
Total	<u>\$ 46,161</u>	<u>\$ 5,047</u>	<u>\$ 51,208</u>

NOTE 8 - Risk Management:

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; for which the Authority carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 9 - Concentration of Credit Risk:

The Authority receives primarily all of its revenues from dwelling rental and the Department of Housing and Urban Development (HUD). If the amount of revenues received from both dwelling rental and HUD, falls below contract levels, the Authority's operating results could be adversely affected.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - Contingencies:

The Authority is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to the Authority. These examinations may result in required refunds by the Authority to the agencies and/or program beneficiaries.

NOTE 11 - Management of Pearl River Housing Choice Voucher Program:

In an agreement dated April 14, 1999, the Authority was engaged by the Town of Pearl River to provide administrative services related to the Housing Choice Voucher Program (previously titled Section 8 Housing Program) in the unincorporated areas within any municipality that does not operate its own Section 8 Housing Program and for the benefit of the Town of Pearl River. Those administrative services include any and all administrative services necessary to operate the Housing Choice Voucher Program, including but not limited to, the administration of all vouchers associated with housing programs, all budgetary matters, and the preparation of all reports. The agreement between the Authority and Town of Pearl River terminated on March 31, 2000. The Authority and the Town of Pearl River have agreed and submitted to HUD a resolution to facilitate the absorption of the program into the Authority's program. Approval from HUD is currently pending.

NOTE 12 - Commitments:

At March 31, 2005, the Authority has executed agreements with HUD totaling \$525,095 for various modernization, capital fund acquisitions and management improvement projects. Balance of funds remaining at March 31, 2005 was \$220,373 (See Schedule IV).

NOTE 13 - Changes in Compensated Absences Payable:

Analysis of compensated absences payable follows:

<u>Balance</u> <u>April 1, 2004</u>	<u>Addition</u>	<u>Retirement</u>	<u>Balance</u> <u>March 31, 2005</u>
\$ <u>4,266</u>	\$ <u>936</u>	\$ <u>(936)</u>	\$ <u>4,266</u>

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 14 - Per Diem to Board Members:

During the year ended March 31, 2005, no board member received per diem in his or her capacity as a Commissioner.

NOTE 15 - Net Assets, Beginning of the Year, restated

The net adjustment of \$ 51,905 reflects the effect of GASB 34 conversion in the current year.

NOTE 16 - Hurricane Katrina

On August 29, 2005, hurricane Katrina substantially (near total loss) damaged the rental units and central office buildings of the Authority. As of December 22, 2006, the necessary insurance claims have been filed and received. While the Washington Heights location of the Authority's rental units is off the rent roll, the Authority continues to receive operating subsidies from HUD while management undertakes the necessary renovations.

SUPPLEMENTARY INFORMATION



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

Our report on our audit of the March 31, 2005, financial statements of **Housing Authority of the City of Slidell (the Authority)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the completeness in cash, amounts receivable, amounts and other payables and certain revenues and expenses, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The supplementary information (Schedules II, III, IV and V) which are prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the completeness in cash, amounts receivable, amounts and other payables and certain revenues and expenses, is fairly stated in all material respects in relation to the financial statements taken as a whole.

INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)

Also, the supplementary information (Exhibits I and II), which are prepared in accordance with accounting principles generally accepted in the United States of America, has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the completeness in cash, amounts receivable, amounts and other payables and certain revenues and expenses, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 22, 2006

HOUSING AUTHORITY OF THE CITY OF SLIDELL
COMBINING STATEMENT OF NET ASSETS-- ENTERPRISE FUND
MARCH 31, 2005

	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	CAPITAL FUND PROGRAM	TOTAL (MEMORANDUM ONLY)
ASSETS					
Cash and temporary cash investment	\$ 773,763	\$ -0-	\$ -0-	\$ -0-	\$ 773,763
Amounts receivable, net	117,219	88,107	4,854	-0-	210,180
Prepaid assets	21,652	-0-	-0-	-0-	21,652
Due from other programs	1,561,701	2,497,970	-0-	-0-	4,059,671
Capital assets, net	3,373,935	-0-	-0-	379,671	3,753,606
Total assets	\$5,848,270	\$2,586,077	\$ 4,854	\$ 379,671	\$8,818,872

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
COMBINING STATEMENT OF NET ASSETS -- ENTERPRISE FUND, CONTINUED
MARCH 31, 2005

	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	CAPITAL FUND PROGRAM	TOTAL (MEMORANDUM ONLY)
LIABILITIES					
Amounts and other payable	\$ 69,285	\$ 11,519	\$ -0-	\$ -0-	\$ 80,804
Compensated absences payable	2,469	1,797	-0-	-0-	4,266
Security deposits held for tenants	12,447	-0-	-0-	-0-	12,447
Due to other programs	<u>1,906,465</u>	<u>2,148,352</u>	<u>4,854</u>	<u>-0-</u>	<u>4,059,671</u>
Total liabilities	<u>1,990,666</u>	<u>2,161,668</u>	<u>4,854</u>	<u>-0-</u>	<u>4,157,188</u>
NET ASSETS					
Invested in capital assets, net of related debt	3,373,935	-0-	-0-	379,671	3,753,606
Unrestricted net assets	<u>483,669</u>	<u>424,409</u>	<u>-0-</u>	<u>-0-</u>	<u>908,078</u>
Total net assets	<u>\$ 3,857,604</u>	<u>\$ 424,409</u>	<u>\$ -0-</u>	<u>\$ 379,671</u>	<u>\$ 4,661,684</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2005

	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	CAPITAL FUND PROGRAM	TOTAL (MEMORANDUM ONLY)
OPERATING REVENUES					
Operating Revenues:					
Dwelling rental	\$ 237,352	\$ -0-	\$ -0-	\$ -0-	\$ 237,352
Fees and charges	<u>32,207</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>32,207</u>
Total operating revenues	<u>269,559</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>269,559</u>
Operating Expenses:					
Salaries and employee benefits	211,403	51,790	-0-	-0-	263,193
Materials	41,528	-0-	-0-	-0-	41,528
Contractual services	73,132	11,536	-0-	-0-	84,668
Utilities	67,421	-0-	-0-	-0-	67,421
Training	13,451	3,843	-0-	-0-	17,294
Depreciation	190,000	-0-	-0-	-0-	190,000
Insurance	60,282	1,765	-0-	-0-	62,047
Housing assistance payments	-0-	1,493,039	-0-	-0-	1,493,039
Convention and travel	28,113	8,032	-0-	-0-	36,145
Telephone	9,324	2,664	-0-	-0-	11,988
Supplies	31,109	8,888	-0-	-0-	39,997
Tenant services	997	322	-0-	-0-	1,319
Postage printing and advertising	5,344	1,527	-0-	-0-	6,871
Security	-0-	-0-	4,824	-0-	4,824
Membership and dues	2,941	840	-0-	-0-	3,781
Court fees	1,891	540	-0-	-0-	2,431
Bank service fees	1,516	433	-0-	-0-	1,949
Other	<u>22,378</u>	<u>6,748</u>	<u>-0-</u>	<u>-0-</u>	<u>29,126</u>
Total operating expense	<u>760,830</u>	<u>1,591,987</u>	<u>4,854</u>	<u>-0-</u>	<u>2,357,671</u>
Operating loss	<u>(491,271)</u>	<u>(1,591,987)</u>	<u>(4,824)</u>	<u>-0-</u>	<u>(2,088,112)</u>

See Independent Auditors' Report on Supplementary Information.

EXHIBIT II

Page 2 of 2

HOUSING AUTHORITY OF THE CITY OF SLIDELL
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS—ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	CAPITAL FUND PROGRAM	TOTAL (MEMORANDUM ONLY)
Non-operating Revenue:					
Grants and subsidies	\$ 349,946	\$ 1,609,822	\$ 4,854	\$ 106,000	\$ 2,070,622
Interest income	3,774	-0-	-0-	-0-	3,774
Other	-0-	14,025	-0-	-0-	14,025
Total non-operating revenue	353,720	1,623,847	4,854	106,000	2,088,421
Net income (loss) before other financing sources (uses)	(137,551)	31,860	-0-	106,000	309
Other Financing Sources (Uses):					
Operating transfer in	10,000	-0-	-0-	-0-	10,000
Operating transfer out	-0-	-0-	-0-	(10,000)	(10,000)
Total financing sources (uses)	10,000	-0-	-0-	(10,000)	-0-
Change in net assets	(127,551)	31,860	-0-	96,000	309
Net assets, beginning of year, as restated	3,985,155	392,549	-0-	283,671	4,661,375
Net assets, end of year	\$ 3,857,604	\$ 424,409	\$ -0-	\$ 379,671	\$ 4,661,684

See Independent Auditors' Report on Supplementary Information.

SCHEDULE I

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2005

<u>Cluster/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development (HUD):		
<u>Subject to Annual Contribution Contracts</u>		
Low Rent Public Housing Program	14.850	\$ 349,946
*Housing Choice Voucher Program	14.871	1,609,822
Public Housing Capital Fund Program	14.872	106,000
Public Housing Drug Elimination Program	14.854	<u>4,854</u>
Total expenditures of federal awards		<u>\$ 2,070,622</u>

*Denotes major program as defined by OMB Circular A-133.

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of the Authority and is presented on an accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations".

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL DATA SCHEDULE-COMBINING BALANCE SHEET
MARCH 31, 2005

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PRIMARY UNIT (TOTAL (MEMORANDUM ONLY	COMPONENT UNIT
111	Cash - unrestricted	\$ 761,316	\$ -0-	\$ -0-	\$ -0-	\$ 761,316	\$ -0-
114	Cash - tenant security deposits	<u>12,447</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>12,447</u>	<u>-0-</u>
100	Total cash	<u>773,763</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>773,763</u>	<u>-0-</u>
122	Accounts receivable - HUD other projects	-0-	80,360	4,854	-0-	85,214	-0-
125	Accounts receivable - miscellaneous	117,069	15,547	-0-	-0-	132,616	-0-
126	Accounts receivable - tenants dwelling rents	150	-0-	-0-	-0-	150	-0-
126.2	Allowance for doubtful accounts-other	<u>-0-</u>	<u>(7,800)</u>	<u>-0-</u>	<u>-0-</u>	<u>(7,800)</u>	<u>-0-</u>
	Total receivables, net of allowances for accounts	<u>117,219</u>	<u>88,107</u>	<u>4,854</u>	<u>-0-</u>	<u>210,180</u>	<u>-0-</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL DATA SCHEDULE-COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2005

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PRIMARY UNIT (TOTAL MEMORANDUM ONLY)	COMPONENT UNIT
142	Prepaid expenses and other assets	\$ 21,652	\$ -0-	\$ -0-	\$ -0-	\$ 21,652	\$ -0-
144	Interprogram due from	1,561,701	2,497,970	-0-	-0-	4,059,671	306,725
150	Total current assets	2,474,335	2,586,077	4,854	-0-	5,065,266	306,725
161	Land	779,855	-0-	-0-	-0-	779,855	-0-
162	Buildings	4,923,338	-0-	-0-	-0-	4,923,338	-0-
164	Furniture, equipment & machinery - administration	115,453	5,433	-0-	-0-	120,886	-0-
166	Accumulated depreciation	(2,444,711)	(5,433)	-0-	-0-	(2,450,144)	-0-
167	Construction in progress	-0-	-0-	-0-	379,671	379,671	-0-
160	Total fixed assets, net of accumulated depreciation	3,373,935	-0-	-0-	379,671	3,753,606	-0-
180	Total non-current assets	3,373,935	-0-	-0-	379,671	3,753,606	-0-
190	Total assets	\$ 5,848,270	\$ 2,586,077	\$ 4,854	\$ 379,671	\$ 8,818,872	\$ 306,725

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL DATA SCHEDULE-COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2005

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PRIMARY UNIT (TOTAL MEMORANDUM ONLY)	COMPONENT UNIT
312	Accounts payable ≤ 90 days	\$ 43,593	\$ 5,047	\$ -0-	\$ -0-	\$ 48,640	\$ 1,592
321	Accrued wage/payroll taxes payable	25,692	3,904	-0-	-0-	29,596	1,041
322	Accrued compensated absences-current portion	2,469	1,797	-0-	-0-	4,266	1,513
331	Accounts payable - HUD PHA programs	-0-	-0-	-0-	-0-	-0-	35,203
333	Accounts payable - other	-0-	2,568	-0-	-0-	2,568	-0-
341	Tenant security deposits	12,447	-0-	-0-	-0-	12,447	-0-
347	Interprogram due to	1,906,465	2,148,352	4,854	-0-	4,059,671	218,122
310	Total current liabilities	1,990,666	2,161,668	4,854	-0-	4,157,188	257,471
350	Total non-current liabilities	-0-	-0-	-0-	-0-	-0-	-0-
300	Total liabilities	1,990,666	2,161,668	4,854	-0-	4,157,188	257,471

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL DATA SCHEDULE-COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2005

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PRIMARY UNIT (TOTAL MEMORANDUM ONLY)	COMPONENT UNIT
508.1	Invested in capital assets, net of related debt	\$ 3,373,935	\$ -0-	\$ -0-	\$ 379,671	\$ 3,753,606	\$ -0-
512.1	Unrestricted net assets	<u>483,662</u>	<u>424,402</u>	<u>-0-</u>	<u>-0-</u>	<u>908,078</u>	<u>49,254</u>
513	Total equity/net assets	<u>3,857,604</u>	<u>424,402</u>	<u>-0-</u>	<u>379,671</u>	<u>4,661,684</u>	<u>49,254</u>
600	Total liabilities and equity/net assets	<u>\$ 5,848,270</u>	<u>\$ 2,586,077</u>	<u>\$ 4,854</u>	<u>\$ 379,671</u>	<u>\$ 8,818,872</u>	<u>\$306,725</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2005

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PRIMARY UNIT (TOTAL MEMORANDUM ONLY)	COMPONENT UNIT
703	Net tenant rental revenue	\$ 237,352	\$ -0-	\$ -0-	\$ -0-	\$ 237,352	\$ -0-
704	Tenant revenue - other	32,207	-0-	-0-	-0-	32,207	-0-
705	Total tenant revenues	269,559	-0-	-0-	-0-	269,559	-0-
706	HUD PHA operating grants	349,946	1,609,822	4,854	10,000	1,974,622	305,355
706.1	Capital grants	-0-	-0-	-0-	96,000	96,000	-0-
711	Investment income - unrestricted	3,774	-0-	-0-	-0-	3,774	-0-
715	Other revenue	-0-	14,025	-0-	-0-	14,025	-0-
700	Total revenues	623,279	1,623,847	4,854	106,000	2,357,980	305,355

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL DATA SCHEDULE-COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PRIMARY UNIT (TOTAL MEMORANDUM ONLY)	COMPONENT UNIT
911	Administrative salaries	\$ 127,060	\$ 36,699	\$ -0-	\$ -0-	\$ 163,759	\$ 14,375
912	Auditing fees	3,640	3,440	-0-	-0-	7,080	3,880
914	Compensated absences	728	208	-0-	-0-	936	-0-
915	Employee benefit contributions - administrative	37,098	14,883	-0-	-0-	51,981	2,245
916	Other operating - administrative	124,731	35,953	-0-	-0-	160,684	14,460
924	Tenant services	997	322	-0-	-0-	1,319	-0-
931	Water	33,907	-0-	-0-	-0-	33,907	-0-
932	Electricity	8,368	-0-	-0-	-0-	8,368	-0-
933	Gas	23,074	-0-	-0-	-0-	23,074	-0-
938	Other utilities expense	2,072	-0-	-0-	-0-	2,072	-0-
941	Ordinary maintenance and operations-labor	31,523	-0-	-0-	-0-	31,523	-0-
	Page total	393,198	91,505	-0-	-0-	484,703	34,960

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL DATA SCHEDULE-COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PRIMARY UNIT (TOTAL MEMORANDUM ONLY)	TOTAL
942	Ordinary maintenance and operations- materials and other	\$ 41,528	\$ -0-	\$ -0-	\$ -0-	\$ 41,528	\$ -0-
943	Ordinary maintenance and operations- contract costs	60,828	5,678	-0-	-0-	66,506	-0-
945	Employee benefit contributions- ordinary maintenance	14,994	-0-	-0-	-0-	14,994	-0-
952	Protective services	-0-	-0-	4,854	-0-	4,854	-0-
961	Insurance premiums	60,282	1,765	-0-	-0-	62,047	7,519
962	Other general	-0-	-0-	-0-	-0-	-0-	4,332
969	Total operating expenses	<u>570,830</u>	<u>98,948</u>	<u>4,854</u>	<u>-0-</u>	<u>674,632</u>	<u>46,811</u>
970	Excess of operating revenues over operating expenses	<u>52,449</u>	<u>1,524,899</u>	<u>-0-</u>	<u>106,000</u>	<u>1,683,348</u>	<u>258,544</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL.
FINANCIAL DATA SCHEDULE-COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PRIMARY UNIT (TOTAL MEMORANDUM ONLY)	COMPONENT UNIT
973	Other Expenses:						
974	Housing assistance payments	\$ -0-	\$ 1,493,039	\$ -0-	\$ -0-	\$ 1,493,039	\$273,194
	Depreciation expense	190,000	-0-	-0-	-0-	190,000	-0-
900	Total expenses	760,830	1,591,987	4,854	-0-	2,357,671	320,005
1001	Other Financing Sources (Uses):						
1002	Operating transfers in	10,000	-0-	-0-	-0-	10,000	-0-
	Operating transfers out	-0-	-0-	-0-	(10,000)	(10,000)	-0-
1010	Total other financing sources (uses)	10,000	-0-	-0-	-0-	-0-	-0-
1000	Excess (deficiency) of operating revenues over (under) expenses	\$ (127,551)	\$ 31,860	\$ -0-	\$ 96,000	\$ 309	\$ (14,650)
1103	Beginning equity/net assets	3,988,930	298,874	37,995	283,671	4,609,470	
1104	Prior period adjustments, equity transfers and correction of errors	(3,775)	\$ 93,675	\$ (37,995)	\$ -0-	(51,905)	
	Beginning equity/net assets, as adjusted	\$ 3,985,155	\$ 392,549	\$ -0-	\$ 283,671	\$4,661,375	

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF CAPITAL FUND PROGRAM COSTS (INCOMPLETE)
FROM INCEPTION THROUGH MARCH 31, 2005

	ANNUAL CONTRIBUTION CONTRACTS				TOTAL (MEMORANDUM ONLY)
	LA-48P103501-02	LA-48P103501-03	LA-48P103502-03	LA-48P103501-04	
Funds approved	\$ 209,591	\$ 90,722	\$ 34,369	\$ 190,413	\$ 525,095
Funds expended	(204,000)	(90,722)	(10,000)	-0-	(304,722)
Excess of funds approved	5,591	-0-	24,369	190,413	220,373
Funds advanced:					
Grand funding	204,000	90,722	10,000	-0-	304,722
Total funds advanced	204,000	90,722	10,000	-0-	304,722
Funds expended	(204,000)	(90,722)	(10,000)	-0-	(304,722)
Excess (deficiency) of fund advanced	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

See Independent Auditors' Report on Supplementary Information.

SCHEDULE Y

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF CAPITAL FUND PROGRAM COSTS (COMPLETE)
FROM INCEPTION THROUGH MARCH 31, 2005

	<u>ANNUAL CONTRIBUTION CONTRACTS</u>		<u>TOTAL</u> <u>(MEMORANDUM</u> <u>ONLY)</u>
	<u>LA-48P103501-00</u>	<u>LA-48P103501-01</u>	
Funds approved	\$ 217,221	\$ 221,579	\$ 438,800
Funds expended	(217,221)	(221,579)	(438,800)
Excess of funds approved	\$ -0-	\$ -0-	\$ -0-
Funds advanced:			
Grand funding	\$ 7,035	\$ 135,000	\$ 438,800
Total funds advanced	7,035	135,000	438,800
Funds expended	(7,035)	(135,000)	(438,800)
Excess (deficiency) of fund advanced	\$ -0-	\$ -0-	\$ -0-

NOTE: The distribution of costs as shown on the line of credit control system and the total award is in agreement with the Authority records, and all costs and liabilities associated with the project have been paid.

See Independent Auditors' Report on Supplementary Information.



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Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

We have audited the financial statements of **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 2005, and have issued our report thereon dated December 22, 2006. Except for our inability to apply auditing procedures to certain accounts (see NOTE 16) as a result of the substantial destruction of **the Authority's** records resulting from the impact of hurricane Katrina, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **the Authority's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect **the Authority's** ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2005-02.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

Internal Control Over Financial Reporting, Continued

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition previously described is considered to be a material weakness.

We also noted other matters involving the internal control over financial reporting, which we have reported to management of the Authority in a separate letter dated December 22, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2005-01 and 2005-02.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

This report is intended solely for the information and use of the Authority's Board, management, the Legislative Auditor for the State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 22, 2006



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

Compliance

We have audited the compliance of Housing Authority of the City of Slidell (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended March 31, 2005. The Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit*

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

We were unable to obtain documentation supporting the compliance of the Authority with the Housing Choice Voucher Program requirements regarding eligibility, reporting and special tests and provisions, nor were we able to satisfy ourselves as to the Authority's compliance with those requirements by other auditing procedures as its program records were substantially destroyed on August 29, 2005 by the impact of hurricane Katrina. (See NOTE 16 and finding 2005-03 for additional discussion).

In our opinion, except for the effects of such non compliance, if any, as might have been determined had we been able to examine evidence regarding the Authority's compliance with eligibility, reporting and special tests and provisions. the Authority complied, in all material respects, with the requirements previously referred to that are applicable to its major federal program for the year ended March 31, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2005-03 and 2005-04.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Authority's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2005-04.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is a material weakness.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

This report is intended solely for the information and use of the Authority's Board, management, the Legislative Auditor for the State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 22, 2006

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2005

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Qualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Reportable condition(s) identified that are not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	Yes
• Reportable condition(s) identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	Yes

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section I - Summary of Auditors' Results, Continued

Identification of major programs:

CFDA NUMBER

14.871

NAME OF FEDERAL PROGRAM
OR CLUSTER

Housing Choice Voucher Program

Dollar threshold used to distinguish
between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

No

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section II - Financial Statement Findings and Questioned Costs

Reference Number

2005-01

Federal Program

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

The Authority is required by the requirements of OMB Circular A-133, its Annual Contribution Contract with HUD and Board policy to maintain evidence supporting amounts and/or disclosures in the Authority's financial statements, including evidence supporting compliance with program and financial activities.

Condition

As a result of the impact of hurricane Katrina, certain documents such as cancelled checks, invoices, landlord payment registers (for the months of January through March 2005), program participant file information, etc. were not available. The Authority was able to maintain its general ledger and other program data as its computer system is managed remotely by a service provider located outside of Louisiana.

Questioned Costs

None.

Effect

Potential non-compliance with award program compliance requirements.

Cause

The impact of hurricane Katrina.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2005-01

Recommendation

We recommend that management evaluate its current disaster recovery plan with an aim geared towards ensuring the completeness of its records retention in the event of a disaster. The evaluation should include offsite storage opportunities by the Authority's financial and program software processing service provider. Also, management should continue the reconstruction of its program and financial records.

Management's Response

Management will evaluate its current plan to include options for offsite storage capabilities by its computer service provider. The reconstruction of the Authority's program and financial records is ongoing.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number
2005-02

Federal Programs

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

The Authority is required by the requirements of OMB Circular A-133, its Annual Contribution Contract with HUD and Board policy to maintain evidence supporting amounts and/or disclosures in the Authority's financial statements, including evidence supporting compliance with program and financial activities.

Condition

The Authority during 2004, initiated a general ledger conversion from "Quickbooks Pro" to "TENMAST" accounting software. The final phase of the conversion was impacted by the events following the destruction by hurricane Katrina. As a result, several significant general ledger accounts such as cash, receivables, prepaid items, amounts and other payables, operating expense and non operating income accounts, need to be reconciled to ensure the completeness of the conversion. Several balance sheet accounts have beginning balances from March 1, 2004 as their March 31, 2005 balance.

Questioned Costs

None.

Effect

Potential non-compliance with award program compliance requirements, Annual Contributions Contract and Board Policy.

Cause

The impact of hurricane Katrina.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDING AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section II - Financial Statement Finding and Questioned Costs, Continued

Reference Number, Continued

2005-02

Recommendation

We recommend that management evaluate its current disaster recovery plan with an aim geared towards ensuring the completeness of its records retention in the event of a disaster. Also, management should continue the reconstruction of its program and financial records.

Management's Response

Management anticipates resolution by no later than May 1, 2007.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section III - Federal Award Findings and Questioned Costs

Reference Number

2005-03

Federal Program

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

The Authority is required by the requirements of OMB Circular A-133, its Annual Contribution Contract with HUD and Board policy to maintain evidence supporting amounts and/or disclosures in the Authority's financial statements, including evidence supporting compliance with program and financial activities.

Condition

As a result of the impact of hurricane Katrina, certain documents such as cancelled checks, invoices, landlord payment registers (for the months of January through March 2005), program participant file information, etc. were not available.

Questioned Costs

None.

Effect

Potential non-compliance with award program compliance requirements.

Cause

The impact of hurricane Katrina.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2005-03

Recommendation

We recommend that management evaluate its current disaster recovery plan with an aim geared towards ensuring the completeness of its records retention in the event of a disaster. The evaluation should include offsite storage opportunities by the Authority's financial and program software processing service provider. Also, management should continue the reconstruction of its program and financial records.

Management's Response

Management will evaluate its current plan to include options for offsite storage capabilities by its computer service provider. The reconstruction of the Authority's program and financial records is ongoing.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2005-04

Federal Programs

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

The Authority is required by the requirements of OMB Circular A-133, its Annual Contribution Contract with HUD and Board policy to maintain evidence supporting amounts and/or disclosures in the Authority's financial statements, including evidence supporting compliance with program and financial activities.

Condition

The Authority during 2004, initiated a general ledger conversion from "Quickbooks Pro" to "TENMAST" accounting software. The final phase of the conversion was impacted by the events following the destruction by hurricane Katrina. As a result, several significant general ledger accounts such as cash, receivables, prepaid items, amounts and other payables, operating expense and non operating income accounts, need to be reconciled to ensure the completeness of the conversion. Several balance sheet accounts have beginning balances from March 1, 2004 as their March 31, 2005 balance.

Questioned Costs

None.

Effect

Potential non-compliance with award program compliance requirements, Annual Contributions Contract and Board Policy.

Cause

The impact of hurricane Katrina.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDING AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section III - Federal Award Finding and Questioned Costs, Continued

Reference Number, Continued

2005-04

Recommendation

We recommend that management evaluate its current disaster recovery plan with an aim geared towards ensuring the completeness of its records retention in the event of a disaster. Also, management should continue the reconstruction of its program and financial records.

Management's Response

Management anticipates resolution by no later than May 1, 2007.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Number

2004-01

Condition

Our review of the Authority's internal control over financial reporting exhibited the following conditions:

- No documentation and/or authorization to support \$3,710 in adjustments made by the Authority's accountant to adjust rent income in the month of June 2003 for evictions, move-outs, etc.;
- A reconciliation of the cash receipts for the month of August 2003, to the rent roll, bank statement and general ledger revealed an out of balance condition of \$406 between the total of the validated deposit tickets and bank statement of \$35,681 as compared to the general ledger amount of \$35,275.
- Also, a reconciliation of the cash disbursements register for the month of August 2003, to the bank statement and general ledger revealed an out of balance condition of \$450 between the cash disbursement register and general ledger of \$89,746.05 compared to the bank statement amount of \$89,296.05.
- Furthermore, the Voucher Program's "HAP" registers did not agree to the general ledger for the month of August 2003;
- Bank account reconciliations for the entire year were prepared by an individual with custodial and recordation responsibilities; and
- Untimely and inaccurate reconciliation of all significant subsidiary ledger accounts to the related general ledger control accounts.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2004-01

Recommendation

Management needs to revise its procedures to enhance its monitoring and control environment. Specifically, the revision should include a review and approval of all journal entries and adjustments to the general ledger accounts, accurate preparation and review of all significant subsidiary ledger accounts, and greater oversight of key internal control activities.

Also, we recommend that the Authority implement a formal procedure to require the periodic reconciliation of its cash receipts and disbursements logs to the general ledger control accounts. Furthermore, the reconciliation should be reviewed by a supervisor and evidence of such indicated via an initialing and dating.

Current Status

Unresolved. Management anticipates resolution of the referenced condition by no later than May 1, 2007.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2004-02

Condition

Our review of ten (10) Housing Choice Voucher Program tenant files revealed the following conditions:

- Two (2) instances where the social security number reflected on the HUD Form 50058 did not agree to the tenant's information on file; and
- Three (3) tenants admitted into the Voucher Program were not on the waiting list maintained by the Authority.

Recommendation

We recommend that management of the Authority continue to improve its established processes, policies and procedures necessary to ensure that all tenant files contain required documentation. In addition, management should develop procedures that will ensure that all data included on the HUD Form 50058 is accurate and that all tenants are accepted into the program in accordance with Board's directives and HUD regulations.

Current Status

Partially resolved. Effective October 2005, the Section 8 manager reviews all work effort of the case workers to minimize, if not, eliminate the referenced condition.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section IV - Status of Findings and Questioned Costs, Continued

Reference Numbers:

2004-03, 2002-07, 2001-04

Condition

The Authority did not use a detailed form specific to the "SEMAP" certification reporting for the tenant files sampled. As a result, we were unable to perform audit procedures to ascertain the Authority's response rate regarding the quality control sample of tenant files reviewed by the Authority's personnel for rent reasonableness.

Recommendation

We recommend that management ensure the adequacy of documentation supporting its annual "SEMAP" certification.

Current Status

Unresolved. As a result of the impact of hurricane Katrina, the Authority has received a waiver from HUD for its current year reporting. However, management anticipates that the condition referenced above will be resolved in its March 31, 2007 report submission to HUD.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2004-04

Condition

The utility schedules used by the Authority has not been updated since 1998.

Recommendation

We recommend that the Authority update its current utility schedule. Also the Authority should establish a procedure to ensure the timely and periodic update of the utility schedule or document otherwise.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Numbers

2002-03, 2002-06, 2001-03,
1997-08 and 1999-12

Condition

Our review of documents to include HUD Form 52663 (Requisition for Partial Payment of Annual Contributions) revealed untimely submission and an over-requisition of Voucher Program funds in the amount of approximately \$44,926 for the year ended March 31, 2002.

Furthermore, we noted that HUD Form 52681 (Year End Settlement Statements) for its Section 8 Certificate and Housing Choice Voucher Programs were not submitted on a timely basis.

In addition, the Authority was underleased for the Pearl River and its other Housing Choice Voucher Programs by approximately 42% and 16% respectively at March 31, 2002.

Recommendation

We recommend that the Authority ensures the timely submission of all required reports. Furthermore, management should undertake the necessary outreach to attain the required level of leased-up rates.

Current Status

Partially resolved. The impact of hurricane Katrina continues to affect the Authority's leased-up rates.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Numbers

2000-1, 1999-2,
1998-2 and 1998-10

Condition

Bank account reconciliations for the Operating, Certificate, Voucher and Pearl River Voucher Programs were not prepared for the entire fiscal year by the designated staff. We noted subsequent to their preparation, a net cumulative out-of-balance condition before the effect of audit adjustments of approximately \$709,873 between the general ledger of \$53,540 to the reconciled amount of \$763,413 for the reference bank accounts.

Recommendation

Management should ensure the timely preparation of all bank account reconciliations. All out of balance conditions should be resolved immediately.

Current Status

Unresolved. Management anticipates resolution by no later than May 1, 2007.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Numbers

2000-4, 2000-11, 1998-08
and 1999-15

Condition

The operating of internal control system over financial reporting exhibited the following deficiencies:

- Lack of an adequate control system to ensure the timely and accurate recordation of all financial transactions;
- Maintenance of support documentation for program expenditures (such as Section 8 payments via ACH);
- Periodic review and recordation of significant general ledger accounts for propriety;
- In adequate training in the use of existing software programs;
- Timely submission of reports to regulatory agencies; and
- Duplicate disbursement of housing assistance payments in the amount of \$6,015.

Recommendation

Management should evaluate its current internal control system over financial reporting to ascertain its adequacy in safeguarding the assets of the Authority.

Current Status

Unresolved. Management anticipates completion of its evaluation of the Authority's internal control system by May 1, 2007.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Numbers

2000-10 and 1999-7

Condition

Our review of the "PFS" operating subsidy documents prepared and submitted to HUD by the Authority revealed unavailability of documents to support data included in the calculation. We were unable to determine the effect of this condition on the Authority's overall appropriation amount.

In addition, we noted untimely submission of Form HUD 52723. HUD's timeline for submission is at least ninety (90) days prior to the beginning of the prospective fiscal year.

Recommendation

Management should retain as part of its audit trail, all documents supporting reports prepared and/or submitted to HUD.

Current Status

Partially resolved. Management has the necessary supporting documents for the March 31, 2006 "PFS" submission. It should be noted that HUD has computerized the budget document submission process.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Numbers

1999-1 and 1998-9

Condition

Subsidiary ledgers for significant accounts such as fixed assets, interfund activity, prepaid assets, etc. are not maintained and/or reconciled to the applicable general ledger control accounts.

Recommendation

Management should reconcile all significant general ledger accounts to the general ledger control accounts on a monthly basis.

Current Status

Unresolved. Anticipated resolution date is May 1, 2007.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Number

1997-3

Condition

Formalized accounting procedure manual.

Recommendation

Prepare and adopt a formal accounting procedure manual.

Current Status

Resolved. In April 2005, the Board adopted an accounting procedures manual.

HOUSING AUTHORITY OF THE CITY OF SLIDELL

EXIT CONFERENCE

The financial statements and all related reports, exhibits and schedules were discussed at an exit conference. Those that participated in the conference:

HOUSING AUTHORITY OF THE CITY OF SLIDELL

Mr. Marvin V. Butler

-- Executive Director

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA

-- Partner



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Commissioners
Housing Authority of the City of Slidell

In planning and performing our audit of the financial statements of **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 2005, we considered the Authority's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal control and operating efficiency. We previously reported on the Authority's internal control in our report dated December 22, 2006. This letter does not affect our report dated December 22, 2006, on the financial statements of the Authority.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with the Authority's personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

CURRENT YEAR'S COMMENTS TO MANAGEMENT

The following is a summary of our comments and recommendations concerning those matters:

Condition

Considering the size of the Authority's personnel, the important elements of internal control and segregation of duties cannot always be achieved to insure adequate protection and safeguarding of the Authority's assets.

Recommendation

We recommend that management continue to provide the necessary oversight in its current internal control procedures (specifically in the areas of cash receipts, collection activities, recordation of those receipts, depositing of funds collected, cash disbursements, recordation and procurement activities).

Management's Response

Management of the Authority will continue to actively participate in key internal control areas.

Condition

We noted at March 31, 2005 no reconciliation between the detail subsidiary ledgers and the general ledger control account balances for the Authority's significant accounts in its Low Rent, Voucher and Capital Fund Programs.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

CURRENT YEAR'S COMMENTS TO MANAGEMENT, CONTINUED

Recommendation

Management should include as part of its monthly financial statements preparation process, the reconciliation of all significant accounts for all programs.

Management's Response

The Authority will revisit with the monitoring aspect of its internal control with a aim towards ensuring its adequacy and to provide the level of management oversight desired in an effective control environment. Resolution is anticipated by no later than June 30, 2007.

Condition

Inadequate audit trail to ensure completeness in the Authority Voucher Program's monthly unit count reporting and housing assistance payments to landlords (HAP).

The HAP register used by the Authority during the audit period, was a combination of a manual and a software program generated data. On January 1, 2005, the Authority discontinued the use of the manual system. However, the reports provided for the period April to December 2004 reflected differences on a monthly basis without the benefit of a reconciliation. Furthermore, the new system is on a "real time" basis and as such the reports for the months of January through March of 2005 were also destroyed.

Recommendation

We recommend that management review its data accumulation process to ensure the accurate reporting of administrative fees earned and HAP payments. Also, management should ensure that on a monthly basis, the subsidiary and control ledgers are reconciled and all differences resolved immediately. Finally, management should explore with its existing service provider, the ability to retain program data beyond the existing timeline.

Management's Response

Management has effective January 1, 2006 started the review process and will complete the reconciliation process by no later than May 1, 2007.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

CURRENT YEAR'S COMMENTS TO MANAGEMENT, CONTINUED

Condition

No formal bank account reconciliations were prepared for the Housing Choice Voucher and Low Rent Programs for the months from October 2004 through March 31, 2005.

Recommendation

All bank accounts should be reconciled monthly and the reconciliation submitted to management of the Authority for review and/or approval.

Management's Response

Management will initiate and conclude on a formal bank reconciliation process for all programs by no later than May 1, 2007.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

STATUS OF PRIOR YEAR'S COMMENTS TO MANAGEMENT

The following is a status of prior years' comments:

Condition

The operation of the Authority's internal control over financial reporting exhibited the following conditions:

- Bank reconciliations prepared for the operating account did not agree to the general ledger balance at March 31, 2003. The general ledger balance for the referenced account was \$755,890 compared to the reconciled balance of \$754,252;
- Noted no indication of review and/or approval on the reconciled accounts;
- Continued segregation of custodial and recordation functions or enhanced management oversight of all financial activities in instances where segregation of the custodial and recordation functions is not practical due to the size of the Authority's staff;
- Former Executive Director is listed as an authorized check signer on one (1) (Pearl River Voucher Program bank account) of the three (3) bank accounts maintained by the Authority; and
- Noted no indication of physical inventory count at March 31, 2003.

Current Status

Partially resolved. The bank account reconciliation and review and/or approval process should be completed by May 1, 2007. Also, the Authority will observe a physical inventory for the fiscal year ending March 31, 2007.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

STATUS OF PRIOR YEAR'S COMMENTS TO MANAGEMENT, CONTINUED

Condition

The Authority does not have a formalized procedure to facilitate the timely and effective tracking of all billings and collections on tenant accounts receivable and/or as well as housing assistance payment portability amounts.

Current Status

Resolved. The Section 8 manager currently bills and tracks all collections for the portability program.

Condition

Current Section 8 Administrative Plan, needs to be updated to incorporate changes dictated by current regulations.

Current Status

Resolved. The plan was updated effective July 15, 2004.

Condition

The Authority should continue its review of existing policies and procedures and complete the necessary updates and/or development of new policies and procedures in all aspects of its operation.

Recommendation

We recommend that management complete the review process and develop the necessary policies and procedures.

Current Status

Partially resolved. Management anticipates completion of the referenced process by May 15, 2007.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

STATUS OF PRIOR YEAR'S COMMENTS TO MANAGEMENT, CONTINUED

Condition

The Authority did not perform a physical inventory of its materials and fixed assets for the year ended March 31, 2004. We noted that subsequent to year end, the Authority has initiated a tagging and physical count of its fixed assets.

Recommendation

We recommend that the Authority implement a formal procedure to require the periodic physical count of all materials and fixed assets.

Current Status

Unresolved. Management anticipates an observation of physical inventory for the year ending March 31, 2007.

Condition

The Authority does not maintain a current fixed asset subsidiary ledger to account for all fixed assets. Also, a depreciation schedule is not maintained with the periodic expense recorded on a timely basis.

Recommendation

We recommend that a fixed asset schedule should be prepared to include the periodic depreciation computation and recordation. The schedules should be updated monthly.

Current Status

Unresolved. Management anticipates resolution by no later than May 1, 2007.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

STATUS OF PRIOR YEAR'S COMMENTS TO MANAGEMENT, CONTINUED

Condition

The Authority has no formal system in place to ensure the periodic evaluation of risk in the categories of property, general liability, etc. to ensure the adequacy in insurance coverage. It is our understanding based on a discussion with management that the Authority undertakes an informal process on an annual basis prior to the procurement of insurance coverage.

Recommendation

We recommend that a system be established to facilitate the periodic evaluation or assessment of the adequacy in insurance coverage.

Current Status

Unresolved. Management will have a formal system in place by no later than May 1, 2007.

Condition

The Authority has not performed a comprehensive assessment of the costs associated with managing its various housing programs. Such a process should include a review of various costs allocated to the respective programs.

Recommendation

We recommend that management of the Authority undertake a comprehensive evaluation of its programs with an intent to align various programs to attain efficiency and cost containment.

Current Status

Unresolved. Management anticipates resolution by no later than May 1, 2007.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the Board of Commissioners, management, the Department of Housing and Urban Development and the Legislative Auditor for the State of Louisiana and is not intended to be, and should not be used by anyone other than those specified parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 22, 2006